

**STATE OF ILLINOIS  
CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**FINANCIAL AUDIT  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the year ended June 30, 2015**

**Performed as Special Assistant Auditors  
For the Auditor General, State of Illinois**

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

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**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**OFFICIALS**

Regional Superintendent (July 1, 2014 – April 30, 2015) .....Ms. Keri Garrett  
Regional Superintendent (May 1, 2015 – June 30, 2015)..... Mr. Brian P. Guthrie  
Regional Superintendent (July 1, 2015 - current)..... Mr. Ron Daniels  
Assistant Regional Superintendent (July 1, 2014 – April 30, 2015)..... Mr. Brian P. Guthrie  
Assistant Regional Superintendent (May 1, 2015 – June 30, 2015)..... Vacant  
Assistant Regional Superintendent (July 1, 2015 - current) .....Ms. Melanie Andrews

Offices are located at:

Clinton County Office  
930-B Fairfax  
Carlyle, IL 62231

Marion County Office  
Public Services Building  
200 E. Schwartz  
Salem, IL 62881

Washington County Office  
1180 W. St. Louis Street  
Nashville, IL 62263

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMPLIANCE REPORT SUMMARY**

The compliance audit testing performed in this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORTS**

The auditors' reports on compliance and internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	1
Repeated audit findings	1	0
Prior recommendations implemented or not repeated	0	0

Details of audit findings are presented in a separate report section.

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2015-001	13-14	Controls over Financial Statement Preparation	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2015.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no prior findings not repeated.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2014.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMPLIANCE REPORT SUMMARY** (Continued)

**EXIT CONFERENCE**

The Clinton, Marion and Washington Counties Regional Office of Education No. 13 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2015. Throughout the audit, numerous meetings were held between auditors and Regional Office officials to discuss matters contained in this audit report. Response to the recommendation was provided by the Regional Office of Education on November 25, 2015.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education No. 13's basic financial statements.

# WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

613 BROADWAY AVENUE  
P.O. BOX 945  
MATTOON, ILLINOIS 61938

(217) 235-4747  
www.westcpa.com

## MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
JOSHUA D. LOWE

## OFFICES

EDWARDSVILLE  
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SULLIVAN

## INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, paragraph E in the notes to the financial statements, the Regional Office of Education No. 13 adopted GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers’ Retirement System of the State of Illinois – Schedule of Employer’s Proportionate Share of the Net Pension Liability, and Teachers’ Retirement System of the State of Illinois – Schedule of Employer Contributions on pages 59 - 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clinton, Marion, and Washington Counties Regional Office of Education No. 13’s basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016 on our consideration of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting and compliance.

*West & Company, LLC*

Mattoon, Illinois  
March 15, 2016

# WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

## MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
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## OFFICES

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

### INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements, and have issued our report thereon dated March 15, 2016.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2015-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Regional Office of Education No. 13's Response to Finding**

Clinton, Marion, and Washington Counties Regional Office of Education No. 13's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Clinton, Marion, and Washington Counties Regional Office of Education No. 13's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*West & Company, LLC*

Mattoon, Illinois  
March 15, 2016

**WEST & COMPANY, LLC**

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CONSULTANTS

613 BROADWAY AVENUE  
P.O. BOX 945  
MATTOON, ILLINOIS 61938

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on Compliance for Each Major Federal Program**

We have audited Clinton, Marion, and Washington Counties Regional Office of Education No. 13's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's major federal program for the year ended June 30, 2015. The Clinton, Marion, and Washington Counties Regional Office of Education No. 13's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Clinton, Marion, and Washington Counties Regional Office of Education No. 13 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

### ***Report on Internal Control Over Compliance***

Management of Clinton, Marion, and Washington Counties Regional Office of Education No. 13 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*West & Company, LLC*

Mattoon, Illinois  
March 15, 2016

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION I: SUMMARY OF AUDITORS' RESULTS  
For the year ended June 30, 2015

**Section I: Summary of Auditors' Results**

**Financial statements**

Type of auditors' report issued: UNMODIFIED

Internal control over financial reporting:

- Material weakness identified?  X  yes       no
- Significant deficiency(ies) identified?       yes  X  none reported

Noncompliance material to financial statements noted?       yes  X  no

**Federal Awards**

Internal control over major federal programs:

- Material weakness identified?       yes  X  no
- Significant deficiency(ies) identified?       yes  X  none reported

Type of auditors' report issued on compliance for major federal programs: UNMODIFIED

Any audit findings disclosed that are required to be reported  
in accordance with Circular A-133, Section .510(a)?       yes  X  no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.181	Special Education Grants for Infants and Families with Disabilities

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?       yes  X  no

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II: FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2015**

**Section II: Financial Statement Findings**

**FINDING NO. 2015-001 – Controls over Financial Statement Preparation (Repeat of Finding 14-001)**

**Criteria/Specific Requirement:**

The Clinton, Marion, and Washington Counties Regional Office of Education No. 13 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

**Condition:**

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

**Effect:**

The ROE's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2015

**Section II - Financial Statement Findings** (Continued)

**FINDING NO. 2015-001 – Controls over Financial Statement Preparation (Repeat of Finding 14-001)**  
(Continued)

**Cause:**

According to the ROE's management, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own.

**Auditors' Recommendation:**

As part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

**Management's Response:**

The Regional Office of Education No. 13 understands the nature of this finding and realizes that this circumstance is not unusual for an organization of this size. The Regional Office accepts the degree of risk associated with this condition because the added cost of employing a full-time accountant to prepare and review financial statements would take away from the funds available to provide educational services to the schools in our region. The Regional Office will continue to receive training for GAAP accounting procedures.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III: FEDERAL AWARD FINDINGS  
For the year ended June 30, 2015**

**Section III: Federal Award Findings**

**Instances of Noncompliance:**

None

**Significant Deficiencies:**

None

**Material Weaknesses:**

None

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR  
AUDIT FINDINGS**

**For the year ended June 30, 2015**

**Corrective Action Plan**

**FINDING NO. 2015-001 – Controls over Financial Statement Preparation (Repeat of Finding 14-001)**

**Condition:**

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

**Plan:**

With limited funding the Regional Office will continue to implement and adjust current procedures and controls to ensure accurate records. The Regional Office will continue to receive training for GAAP accounting procedures and attempt to employ a part-time accountant to guide the bookkeeper in completing these accounting procedures.

**Anticipated Date of Completion:**

June 30, 2016

**Name of Contact Person:**

Mr. Ron Daniels

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2015**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2014-001	Controls Over Financial Statement Preparation	Repeated

**BASIC FINANCIAL STATEMENTS**

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF NET POSITION  
June 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 693,831	\$ 219,684	\$ 913,515
Accounts receivable	1,853	-	1,853
Due from other governments	346,731	23,076	369,807
Internal balances	(215,000)	215,000	-
Total current assets	827,415	457,760	1,285,175
Noncurrent assets:			
Capital assets, net	19,742	891	20,633
Total assets	847,157	458,651	1,305,808
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	252,419	-	252,419
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	7,685	-	7,685
Salaries and benefits payable	162,087	-	162,087
Unearned revenue	46,440	-	46,440
Total current liabilities	216,212	-	216,212
Noncurrent liabilities:			
Net pension liability	459,772	-	459,772
Total liabilities	675,984	-	675,984
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	10,524	-	10,524
<b>NET POSITION</b>			
Net investment in capital assets	19,742	891	20,633
Restricted - other	219,088	-	219,088
Unrestricted	174,238	457,760	631,998
Total net position	\$ 413,068	\$ 458,651	\$ 871,719

The notes to the financial statements are an integral part of this statement.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2015**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 2,568,403	\$ -	\$ 2,679,698	\$ 111,295	\$ -	\$ 111,295
Purchased services	540,802	-	544,127	3,325	-	3,325
Supplies and materials	91,638	-	90,767	(871)	-	(871)
Capital outlay - grant funded assets	4,141	-	4,141	-	-	-
Payments to other governments	11,247	-	11,946	699	-	699
Other objects	595	-	632	37	-	37
Depreciation	9,953	-	-	(9,953)	-	(9,953)
Pension expense	153,158	-	-	(153,158)	-	(153,158)
Administrative:						
On-behalf payments - local	152,226	-	-	(152,226)	-	(152,226)
On-behalf payments - state	626,993	-	-	(626,993)	-	(626,993)
Total governmental activities	<u>4,159,156</u>	<u>-</u>	<u>3,331,311</u>	<u>(827,845)</u>	<u>-</u>	<u>(827,845)</u>
Business-type activities						
Instructional services	<u>108,104</u>	<u>130,438</u>	<u>-</u>	<u>-</u>	<u>22,334</u>	<u>22,334</u>
Total primary government	<u>\$ 4,267,260</u>	<u>\$ 130,438</u>	<u>\$ 3,331,311</u>	<u>(827,845)</u>	<u>22,334</u>	<u>(805,511)</u>
General revenues:						
Local sources				138,933	-	138,933
On-behalf payments - local				152,226	-	152,226
On-behalf payments - state				626,993	-	626,993
Interest				2,284	1,764	4,048
Loss on disposal of fixed assets				-	(167)	(167)
Total general revenues				<u>920,436</u>	<u>1,597</u>	<u>922,033</u>
Change in net position				92,591	23,931	116,522
Net position - beginning, restated				<u>320,477</u>	<u>434,720</u>	<u>755,197</u>
Net position - ending				<u>\$ 413,068</u>	<u>\$ 458,651</u>	<u>\$ 871,719</u>

The notes to the financial statements are an integral part of this statement.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 408,555	\$ 173,511	\$ 111,765	\$ 693,831
Accounts receivable	1,853	-	-	1,853
Due from other governments	12,051	334,680	-	346,731
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 422,459</u>	<u>\$ 508,191</u>	<u>\$ 111,765</u>	<u>\$ 1,042,415</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 7,685	\$ -	\$ 7,685
Salaries and benefits payable	30,344	131,743	-	162,087
Due to other funds	-	214,485	515	215,000
Unearned revenue	-	46,440	-	46,440
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>30,344</u>	<u>400,353</u>	<u>515</u>	<u>431,212</u>
<b>FUND BALANCES</b>				
Restricted	-	118,253	111,765	230,018
Assigned	360,713	-	-	360,713
Unassigned	31,402	(10,415)	(515)	20,472
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>392,115</u>	<u>107,838</u>	<u>111,250</u>	<u>611,203</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 422,459</u>	<u>\$ 508,191</u>	<u>\$ 111,765</u>	<u>\$ 1,042,415</u>

The notes to the financial statements are an integral part of this statement.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2015**

Total fund balances-governmental funds		\$ 611,203
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	252,419	
Deferred inflows of resources	<u>(10,524)</u>	241,895
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		(459,772)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
		<u>19,742</u>
Net position of governmental activities		<u><u>\$ 413,068</u></u>

The notes to the financial statements are an integral part of this statement.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2015**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 79,926	\$ 11,374	\$ 47,633	\$ 138,933
State sources	254,035	2,485,314	1,009	2,740,358
Federal sources	32,710	558,243	-	590,953
On-behalf payments - local	152,226	-	-	152,226
On-behalf payments - state	236,387	-	-	236,387
Interest	1,586	386	312	2,284
	<u>756,870</u>	<u>3,055,317</u>	<u>48,954</u>	<u>3,861,141</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
<b>Instructional services:</b>				
Salaries and benefits	296,260	2,259,737	12,406	2,568,403
Purchased services	112,481	417,239	11,082	540,802
Supplies and materials	28,814	57,492	5,332	91,638
Payments to other governments	-	11,247	-	11,247
Other objects	40	555	-	595
Pension expense	33,456	162,523	978	196,957
On-behalf payments - local	152,226	-	-	152,226
On-behalf payments - state	236,387	-	-	236,387
Capital outlay	4,608	4,141	-	8,749
	<u>864,272</u>	<u>2,912,934</u>	<u>29,798</u>	<u>3,807,004</u>
<b>Total expenditures</b>				
Net change in fund balances	(107,402)	142,383	19,156	54,137
Fund balances (deficits), beginning of year	499,517	(34,545)	92,094	557,066
Fund balances, end of year	<u>\$ 392,115</u>	<u>\$ 107,838</u>	<u>\$ 111,250</u>	<u>\$ 611,203</u>

The notes to the financial statements are an integral part of this statement.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2015**

Net change in fund balances		\$ 54,137
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
Pension contributions	\$ 196,957	
Cost of benefits earned, net of employee contributions	<u>(153,158)</u>	43,799
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 4,608	
Depreciation expense	<u>(9,953)</u>	<u>(5,345)</u>
Change in net position of governmental activities		<u><u>\$ 92,591</u></u>

The notes to the financial statements are an integral part of this statement.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2015**

	Business-Type Activities			Total
	Enterprise Funds			
		Technology/ Testing Cooperative	Other Nonmajor Fund- Film Cooperative	
	Workshops			
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 123,307	\$ 85,874	\$ 10,503	\$ 219,684
Due from other funds	103,721	111,279	-	215,000
Due from other governments	21,279	1,797	-	23,076
Total current assets	248,307	198,950	10,503	457,760
Noncurrent assets:				
Capital assets, net	283	608	-	891
Total assets	248,590	199,558	10,503	458,651
<b>NET POSITION</b>				
Net investment in capital assets	283	608	-	891
Unrestricted	248,307	198,950	10,503	457,760
Total net position	\$ 248,590	\$ 199,558	\$ 10,503	\$ 458,651

The notes to the financial statements are an integral part of this statement.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITON  
PROPRIETARY FUNDS**

**For the year ended June 30, 2015**

	Business-Type Activities			Total
	Enterprise Funds			
	Workshops	Technology/ Testing Cooperative	Other Nonmajor Fund- Film Cooperative	
Operating revenues:				
Charges for services	\$ 50,863	\$ 79,575	\$ -	\$ 130,438
Operating expenses:				
Salaries and benefits	-	47,219	-	47,219
Purchased services	28,389	25,064	-	53,453
Supplies and materials	2,382	4,408	-	6,790
Depreciation	282	360	-	642
Total operating expenses	31,053	77,051	-	108,104
Operating income	19,810	2,524	-	22,334
Nonoperating revenues (expenses):				
Loss on disposition	-	(167)	-	(167)
Interest	962	763	39	1,764
Total nonoperating revenues (expenses)	962	596	39	1,597
Change in net position	20,772	3,120	39	23,931
Net position, beginning of year	227,818	196,438	10,464	434,720
Net position, end of year	\$ 248,590	\$ 199,558	\$ 10,503	\$ 458,651

The notes to the financial statements are an integral part of this statement.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2015**

	Business-Type Activities			Total
	Enterprise Funds			
	Workshops	Technology/ Testing Cooperative	Other Nonmajor Fund- Film Cooperative	
Cash flows from operating activities:				
Collection of fees	\$ 29,584	\$ 82,608	\$ -	\$ 112,192
Payments to suppliers and providers of goods and services	(43,592)	(29,572)	-	(73,164)
Payments to employees	-	(47,219)	-	(47,219)
Net cash provided (used) by operating activities	<u>(14,008)</u>	<u>5,817</u>	<u>-</u>	<u>(8,191)</u>
Cash flows from investing activities:				
Interest	<u>962</u>	<u>763</u>	<u>39</u>	<u>1,764</u>
Cash flows from noncapital financing activities:				
Outflows due to interfund borrowings	<u>(103,721)</u>	<u>(111,279)</u>	<u>-</u>	<u>(215,000)</u>
Net increase (decrease) in cash and cash equivalents	(116,767)	(104,699)	39	(221,427)
Cash and cash equivalents, beginning of year	<u>240,074</u>	<u>190,573</u>	<u>10,464</u>	<u>441,111</u>
Cash and cash equivalents, ending of year	<u><u>\$ 123,307</u></u>	<u><u>\$ 85,874</u></u>	<u><u>\$ 10,503</u></u>	<u><u>\$ 219,684</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 19,810	\$ 2,524	\$ -	\$ 22,334
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	282	360	-	642
Decrease (increase) in due from other governments	(21,279)	3,033	-	(18,246)
Decrease in accounts payable	(11,946)	(100)	-	(12,046)
Decrease in due to other governments	(875)	-	-	(875)
Net cash provided (used) by operating activities	<u><u>\$ (14,008)</u></u>	<u><u>\$ 5,817</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (8,191)</u></u>

The notes to the financial statements are an integral part of this statement.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Due from other governments	<u>\$ 21,279</u>
LIABILITIES	
Due to other governments	<u>\$ 21,279</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education No. 13's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The Regional Office of Education No. 13 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Clinton, Marion, and Washington counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education No. 13 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 13 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 13's financial statements. In addition, the Regional Office of Education No. 13 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 13 being considered a component unit of the entity.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Government-wide and Fund Financial Statements** (Continued)

The Statement of Net Position includes all of the Regional Office of Education No. 13's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Regional Office of Education No. 13 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period is reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 13's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 13's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

**1. Governmental Funds**

The Regional Office of Education No. 13 reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Regional Office of Education No. 13 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 13. Included in this fund are:

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds** (Continued)

**General Fund** (Continued)

**Special Projects** – This fund accounts for miscellaneous expenses and programs that benefit the school districts and/or regional office.

**Alternative Education Project** – This fund accounts for Alternative School General State Aid funding and Federal Breakfast and Lunch programs.

**Safe School Tuition** – This program accounts for tuition payments from local districts sending students to the Safe School in Centralia.

**Safe School Projects** – This program accounts for General State Aid and miscellaneous income and expenses relative to the Safe School in Centralia.

**Administrator’s Academy** - This program provides required training and continuing education of administrators.

**Conference** – This program provides for events such as Talent Search and Olympiad programs.

**Education Fund** - This special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

**Title II – Teacher Quality Leadership Grant** – To account for Title II Teacher Quality Leadership grant from the State which is for the purpose of implementing the purchase of the principal and/or teacher evaluation training.

**Truants Alternative/Optional Education** – This is a State-approved program leading to a high school diploma for students with truancy problems.

**Early Childhood Block Grant** - This program provides early assistance to children and parents to enhance the child’s physical, social, and cognitive skills, and assist those identified as being at risk of academic failure.

**Homeless Children/Youth** – This program provides educational services for homeless students, tutoring, clothing, school activity fees, and transportation.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds** (Continued)

**Education Fund** (Continued)

**Regional Safe Schools** – Safe schools are alternative programs for disruptive youths in grades 6-12. Students eligible for this program must have been suspended or expelled by a local school district.

**ROE/ISC Operations** -This fund accounts for the grant that provides the funding for the Regional Office of Education.

**Special Education for Infants and Families with Disabilities** – This program is funded by the Department of Human Services to help families with children between birth and age three obtain evaluations and assessments. Individualized plans are developed to help a child learn, grow, and receive needed services.

**Title I – School Improvement System of Support (SSOS)** – This grant is set up to train local trainers in the area as well as statewide trainers.

Additionally, the Regional Office of Education No. 13 reports the following nonmajor governmental funds:

**Special Revenue Funds** - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Included among these funds are:

**Institute** – This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

**General Education Development (GED)** – This fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

**ROE School Bus Driver Training** – This fund accounts for State and local receipts and expenses designed for initial and refresher courses of instruction for school bus drivers.

**Supervisory** – This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

2. **Proprietary Funds**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Regional Office of Education No. 13 reports the following major proprietary funds:

**Workshops** – This program provides teacher workshops.

**Technology/Testing Cooperative** – This program is a local district cooperative that provides services for scoring and reporting of student achievement testing.

The Regional Office of Education No. 13 reports the following nonmajor proprietary fund:

**Film Cooperative** – This program is a Marion County schools cooperative that purchases and loans film and video materials for instructional use.

3. **Fiduciary Funds**

Agency funds are used to account for assets held by the Regional Office of Education No. 13 in a custodial capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

**Title II – Teacher Quality Leadership Transformational** – This accounts for funds sent to Sandoval school district to support professional development for teachers and staff in school districts in the core content areas, school improvement, continuous improvement process, and instructional coaching.

**Transforming School Climate to Build Successful Learners** – To develop, enhance, or expand systems of support at Sandoval school district for, and technical assistance to, schools implementing an evidence-based multi-tiered behavioral framework for improving behavioral outcomes and learning conditions for all students.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities, and Net Position or Equity**

**1. Deposits and Investments**

The Regional Office of Education No. 13 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that the Regional Office of Education No. 13 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

The Regional Office of Education No. 13 does not have a formal investment policy. Statutes authorize the Regional Office of Education No. 13 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**2. Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**3. Capital assets**

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5-10
Computer equipment	3-5
Other equipment	5-20

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities, and Net Position or Equity** (Continued)

**4. Deferred Outflows of Resources and Deferred Inflows of Resources**

**Deferred Outflows of Resources** – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

**Deferred Inflows of Resources** – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of grant receivables not collected within sixty days after the year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**5. Compensated Absences**

Full-time non-certified and certified employees earn up to 15 vacation days for a full year of service. As a matter of general practice, vacation days do not carry over from one year to the next; therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 221 days for IMRF eligible employees and up to 340 days for TRS eligible employees. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay; therefore, no liability is accrued.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Liabilities, and Net Position or Equity** (Continued)

6. **Equity Classifications**

**Government-wide Statements**

Equity is classified as net position and displayed in three components:

**Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**Unrestricted net position** – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented on the Balance Sheet for Governmental Funds:

**Nonspendable Fund Balance** – the portion of a Governmental Fund’s fund balance that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

**Restricted Fund Balance** – the portion of a Governmental Fund’s fund balance that are subject to external enforceable legal restrictions. The following account’s fund balances are restricted by grant agreements or contracts: Truants Alternative/Optional Education, Early Childhood Block Grant, Homeless Children/Youth, ROE/ISC Operations, and Special Education for Infants and Families with Disabilities. The following funds are restricted by Illinois Statute: Institute, General Education Development, and Supervisory.

**Committed Fund Balance** – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities, and Net Position or Equity** (Continued)

**6. Equity Classifications** (Continued)

**Assigned Fund Balance** – the portion of a Governmental Fund’s fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Alternative Education Project, Safe School Tuition, Administrator’s Academy, and Conference.

**Unassigned Fund Balance** – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the Special Projects, Safe School Projects, Regional Safe Schools, Title I - School Improvement System of Support, and ROE School Bus Driver Training accounts.

**E. New Accounting Pronouncements**

In 2015, the Regional Office of Education No. 13 implemented Governmental Accounting Standards Board (GASB) Statement No. 69 – *Government Combinations and Disposals of Government Operations*. This Statement had no impact on the financial statements of the Regional Office of Education No. 13. The Regional Office of Education also implemented Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These Statements improve accounting and financial reporting by the Regional Office for pensions by including pension related balances and activity on the Statement of Net Position and the Statement of Activities.

**2. BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education No. 13 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education and the Illinois Department of Human Services are prepared and submitted to the granting agency as part of the grant awards process. The granting agency must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants received from the Illinois State Board of Education and the Illinois Department of Human Services: Title II – Teacher Quality Leadership Grant, Truants Alternative/Optional Education, Early Childhood Block Grant, Regional Safe Schools, ROE/ISC Operations, and Special Education for Infants and Families with Disabilities.

**3. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**4. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2015, the carrying amount of the Regional Office of Education No. 13's governmental activities and business-type activities were \$681,729 and \$219,684, respectively. The bank balances totaled \$977,974 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 13's name, and were, therefore, not exposed to custodial credit risk.

**B. Investments**

At June 30, 2015, the carrying amount of the Regional Office of Education No. 13's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$12,102. The bank balance invested in the Illinois Funds Money Market Fund was \$12,102. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 13's governmental activities.

**Credit Risk**

At June 30, 2015, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside, independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

**Interest Rate Risk**

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

**Concentration of Credit Risk**

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**5. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS**

The Regional Office of Education No. 13 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 13 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**6. CONTINGENCIES**

The Regional Office of Education No. 13 has received funding from Federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 13 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 13's operations.

**7. OPERATING LEASE**

The Clinton, Marion, and Washington Counties Regional Office of Education No. 13 has entered into several annual operating leases through June 30, 2015 for the Truants Alternative/Optional Education, Regional Safe School, and Special Education for Infants and Families with Disabilities programs to provide classroom space and office space for grant programs. Rent expense for 2015 totaled \$62,040. Future minimum rental payments for the fiscal year ended June 30, 2016 will be \$24,340 and \$21,540 for the fiscal years ending June 30, 2017 and 2018.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**8. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Office equipment and furniture	\$ 41,323	\$ -	\$ (1,100)	\$ 40,223
Computer equipment	123,155	-	(4,600)	118,555
Other equipment and leasehold improvements	16,961	4,608	-	21,569
Total capital assets being depreciated	<u>181,439</u>	<u>4,608</u>	<u>(5,700)</u>	<u>180,347</u>
Less accumulated depreciation for:				
Office equipment and furniture	(32,160)	(2,014)	1,100	(33,074)
Computer equipment	(107,231)	(7,168)	4,600	(109,799)
Other equipment and leasehold improvements	(16,961)	(771)	-	(17,732)
Total accumulated depreciation	<u>(156,352)</u>	<u>(9,953)</u>	<u>5,700</u>	<u>(160,605)</u>
Governmental activities capital assets, net	<u>\$ 25,087</u>	<u>\$ (5,345)</u>	<u>\$ -</u>	<u>\$ 19,742</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Office equipment and furniture	\$ 26,959	\$ -	\$ (558)	\$ 26,401
Computer equipment	24,364	-	-	24,364
Other equipment and leasehold improvements	19,960	-	-	19,960
Total capital assets being depreciated	<u>71,283</u>	<u>-</u>	<u>(558)</u>	<u>70,725</u>
Less accumulated depreciation for:				
Office equipment and furniture	(25,824)	(360)	391	(25,793)
Computer equipment	(23,799)	(282)	-	(24,081)
Other equipment and leasehold improvements	(19,960)	-	-	(19,960)
Total accumulated depreciation	<u>(69,583)</u>	<u>(642)</u>	<u>391</u>	<u>(69,834)</u>
Business-type activities capital assets, net	<u>\$ 1,700</u>	<u>\$ (642)</u>	<u>\$ (167)</u>	<u>\$ 891</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 13 as follows:

Governmental activities:	
Instructional services	<u>\$ 9,953</u>
Business-type activities:	
Instructional services	<u>\$ 642</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS**

**A. Teachers' Retirement System of the State of Illinois**

**Plan Description**

The employer participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

**Benefits provided**

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

**Contributions**

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Contributions** (Continued)

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

*On behalf contributions to TRS* - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 13. For the year ended June 30, 2015, State of Illinois contributions recognized by the Regional Office of Education No. 13 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 13, and the Regional Office of Education No. 13 recognized revenue and expenditures of \$390,606 in pension contributions from the State of Illinois.

*2.2 formula contributions* - Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$4,770, and are deferred because they were paid after the June 30, 2014 measurement date.

*Federal and special trust fund contributions* - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 13, there is a statutory requirement for the Regional Office of Education No. 13 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$59,999 were paid from federal and special trust funds that required employer contributions of \$19,799. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Contributions** (Continued)

*Employer retirement cost contributions* - Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 13 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the Regional Office of Education No. 13 made no payments to TRS for employer ERO contributions.

The Regional Office of Education No. 13 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the Regional Office of Education No. 13 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the Regional Office of Education No. 13 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 209,400
State's proportionate share of the net pension liability associated with the employer	<u>4,851,605</u>
	<u><u>\$ 5,061,005</u></u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Regional Office of Education No. 13's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the employer's proportion was 0.0003440785 percent.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education No. 13's proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education No. 13's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the employer's proportion was 0.0003429659 percent.

For the year ended June 30, 2015, the Regional Office of Education No. 13 recognized pension expense of \$390,606 and revenue of \$390,606 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education No. 13 recognized pension expense of \$16,664. At June 30, 2015, the Regional Office of Education No. 13 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Deferred Amounts Related to Pensions</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 111	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	10,524
Changes in proportion and differences between employer contributions and proportionate share of contributions	561	-
	<hr/>	<hr/>
Total Deferred amounts to be recognized in pension expense in future periods	672	10,524
	<hr/>	<hr/>
<b>Employer contributions made subsequent to the measurement date</b>	24,569	-
	<hr/>	<hr/>
<b>Total deferred amounts related to pensions</b>	<u>\$ 25,241</u>	<u>\$ 10,524</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

\$24,569 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>		
2016	\$	(2,468)
2017		(2,468)
2018		(2,468)
2019		(2,468)
2020		20
Total	\$	<u>(9,852)</u>

**Actuarial assumptions**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	5.75%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Actuarial assumptions** (Continued)

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18%	8.58%
Aggregate bonds	16%	2.27%
U.S. TIPS	2%	3.52%
NCREIF	11%	5.81%
Opportunistic real estate	4%	9.79%
ARS	8%	3.27%
Risk parity	8%	5.57%
Diversified inflation strategy	1%	3.96%
Private equity	14%	13.03%
Total	<u>100%</u>	

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Discount rate**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Regional Office of Education No. 13's proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education No. 13's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Regional Office of Education No. 13's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
Employer's proportionate share of the net pension liability	\$ 258,599	\$ 209,400	\$ 168,658

**TRS fiduciary net position**

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund**

**IMRF Plan Description**

The Regional Office of Education No. 13's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 13's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Employees Covered by Benefit Terms**

As of December 31, 2014, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	50
Total	97

**Contributions**

As set by statute, the Regional Office of Education No. 13’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 13’s annual contribution rate for calendar year 2014 was 9.84%. For the calendar year ended 2014, the Regional Office of Education No. 13 contributed \$161,152 to the plan. The Regional Office of Education No. 13 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education No. 13’s net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 3.5%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Actuarial Assumptions** (Continued)

- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38%	7.60%
International equity	17%	7.80%
Fixed income	27%	3.00%
Real estate	8%	6.15%
Alternative investments	9%	5.25 - 8.50%
Cash equivalents	1%	2.25%
Total	<u>100%</u>	

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Single Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2013</b>	\$ 3,396,834	\$ 3,261,543	\$ 135,291
<b>Changes for the year:</b>			
Service Cost	168,206	-	168,206
Interest on the total pension liability	256,093	-	256,093
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	4,400	-	4,400
Changes in assumptions	122,579	-	122,579
Contributions - employer	-	161,152	(161,152)
Contributions - employees	-	74,647	(74,647)
Net investment income	-	203,080	(203,080)
Benefit payments, including refunds of employee contributions	(132,726)	(132,726)	-
Other (net transfer)	-	(2,682)	2,682
Net changes	<u>418,552</u>	<u>303,471</u>	<u>115,081</u>
<b>Balances at December 31, 2014</b>	<u>\$ 3,815,386</u>	<u>\$ 3,565,014</u>	<u>\$ 250,372</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Liability/(Asset)</b>	<b>\$ 870,329</b>	<b>\$ 250,372</b>	<b>\$ (249,312)</b>

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the Regional Office of Education No. 13 recognized pension expense of \$136,494. At June 30, 2015, the Regional Office of Education No. 13 reported deferred outflows of resources related to pensions from the following sources:

<b><u>Deferred Amounts Related to Pensions</u></b>	<b><u>Deferred Outflows of Resources</u></b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>	
Differences between expected and actual experience	\$ 3,660
Changes of assumptions	101,964
Net difference between projected and actual earnings on pension plan investments	34,116
Total Deferred amounts to be recognized in pension expense in future periods	139,740
<b>Pension contributions made subsequent to the measurement date</b>	87,438
<b>Total deferred amounts related to pensions</b>	<b>\$ 227,178</b>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** (Continued)

\$87,438 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,:</u>	<u>Net Deferred Outflows of Resources</u>
2015	\$ 30,122
2016	30,122
2017	30,122
2018	30,122
2019	19,252
Later years	-
Total	<u>\$ 139,740</u>

**C. Social Security**

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**10. OTHER POST-EMPLOYMENT BENEFITS**

**A. Teacher Health Insurance Security Fund**

The Regional Office of Education No. 13 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State to make a contribution to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

*On behalf contributions to the THIS Fund* - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 13. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$8,388 and the Regional Office of Education No. 13 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 13 employees were \$7,627 and \$6,896, respectively.

*Employer contributions to THIS Fund* - The Regional Office of Education No. 13 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year end June 30, 2015 and 0.72 and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, the Regional Office of Education No. 13 paid \$6,250 to the THIS Fund, which was 100 percent of the required contribution. For years ended June 30, 2014 and June 30, 2013, the Regional Office of Education No. 13 paid \$5,661 and \$5,172 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**10. OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**B. Other Postemployment Benefits**

The Regional Office of Education No. 13 allows employees, who retire through the Regional Office of Education No. 13's plan disclosed in Note 9B, the option to continue in the Regional Office of Education No. 13's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education No. 13's health insurance plan is considered a community rated plan. In addition, the ROE No. 13 has no explicit subsidy as defined in GASB S-45.

**11. BOND**

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 13 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 13 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

**12. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2015, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Workshops	\$ 103,721	\$ -
Technology/Testing Cooperative	111,279	-
Education Fund	-	214,485
Nonmajor Special Revenue Fund	-	515
Totals	<u>\$ 215,000</u>	<u>\$ 215,000</u>

At June 30, 2015, all of the interfund balances consist of loans between individual funds within the same pooled cash account. The loans were used to cover cash shortages in these individual funds.

**13. DEFICIT FUND BALANCES**

The following individual funds carried the following deficit balances as of June 30, 2015:

Safe School Projects	\$ 4,664
Regional Safe Schools	\$ 10,405
Title I - School Improvement System of Support	\$ 10
ROE School Bus Driver Training	\$ 515

The Regional Office of Education No. 13 intends to reduce these deficits by reducing expenditures in future periods.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**14. DUE TO/DUE FROM OTHER GOVERNMENTS**

The Regional Office of Education No. 13's General Fund, Education Fund, Enterprise Funds, and Agency Funds had funds due from/to various other governmental units which consisted of the following at June 30, 2015:

Due From Other Governments:

General Fund:

Illinois State Board of Education	\$ 5,523
Clinton County	831
Regional Office of Education No. 25	3,097
Local School Districts	2,600
	<u>12,051</u>

Education Fund:

Illinois State Board of Education	113,526
Department of Human Services	209,857
Regional Office of Education No. 50	8,262
Regional Office of Education No. 3	3,035
	<u>334,680</u>

Enterprise Funds:

Local School Districts	<u>23,076</u>
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Agency Funds:

Local School Districts	<u>21,279</u>
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\$ 391,086

Due To Other Governments:

Agency Funds:

Local Government	<u>\$ 21,279</u>
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**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**15. ON-BEHALF PAYMENTS**

Clinton, Marion, and Washington Counties provide the Regional Office of Education No. 13 with staff and pay certain expenditures on behalf of the Regional Office of Education No. 13. The expenditures paid on the Regional Office of Education No. 13's behalf for the year ended June 30, 2015, were as follows:

Salaries and benefits	\$ 128,081
Purchased services	15,578
Supplies and materials	7,700
Equipment	<u>867</u>
	<u>\$ 152,226</u>

The State of Illinois paid the following salaries, benefits, and contributions on-behalf of the Regional Office of Education No. 13:

Regional Superintendent-salary	\$ 106,356
Regional Superintendent-benefits (includes State paid insurance)	25,458
Assistant Regional Superintendent-salary	79,780
Assistant Regional Superintendent-benefits (includes State paid insurance)	16,405
THIS post-employment benefit contributions	<u>8,388</u>
Total	<u>\$ 236,387</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education No. 13 also recorded \$390,606 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 13 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 236,387
ROE 13's share of TRS pension expense	<u>390,606</u>
Total	<u>\$ 626,993</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO FINANCIAL STATEMENTS**

**16. SUBSEQUENT EVENTS**

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2014. Effective July 1, 2015, Jefferson County will be included in the Regional Office of Education No. 13.

On the date of consolidation, the Regional Office of Education No. 13 took ownership of real estate in Jefferson County formerly held by the Regional Office of Education No. 25 and assumed the related mortgage. On this date, the mortgage had a balance of \$300,972 and a maturity date in October of 2031. The Regional Office of Education No. 13 also became liable for an unsecured line of credit, opened by the Regional Office of Education No. 25. The line of credit had an outstanding balance in the amount of \$199,988.

**17. CHANGE IN ACCOUNTING PRINCIPLE**

The Regional Office of Education No. 13 has restated net position of the governmental activities as of June 30, 2014. The governmental activities' net position was restated to present a net pension liability and the related deferred outflows of resources in accordance with Governmental Accounting Standards Board Statement No. 68.

	Governmental Activities
Net position at June 30, 2014	\$ 582,153
Recognition of net pension liability	(350,156)
Recognition of deferred outflows related to pensions	88,480
Net position restated at June 30, 2014	\$ 320,477

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**ILLINOIS MUNICIPAL RETIREMENT FUND -  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
UNAUDITED**

**For the year ended June 30, 2015**

**(Amounts presented are for the year ended December 31, 2014)**

**Total Pension Liability**

Service cost	168,206
Interest on the total pension liability	256,093
Changes of benefit terms	-
Differences between expected and actual experience of the total pension liability	4,400
Changes of assumptions	122,579
Benefit payments, including refunds of employee contributions	<u>(132,726)</u>
<b>Net change in total pension liability</b>	418,552
<b>Total pension liability - beginning</b>	<u>3,396,834</u>
<b>Total pension liability - ending (A)</b>	<u>3,815,386</u>

**Plan Fiduciary Net Position**

Contributions - employer	161,152
Contributions - employees	74,647
Net investment income	203,080
Benefit payments, including refunds of employee contributions	(132,726)
Other (net transfer)	<u>(2,682)</u>
<b>Net change in plan fiduciary net position</b>	303,471
<b>Plan fiduciary net position - beginning</b>	<u>3,261,543</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>3,565,014</u>
<b>Net pension liability(asset) - ending (A) - (B)</b>	<u><u>250,372</u></u>

**Plan Fiduciary Net Position as a Percentage  
of the Total Pension Liability**

93.44 %

**Covered Valuation Payroll**

\$ 1,637,727

**Net Pension Liability as a Percentage  
of Covered Valuation Payroll**

15.29 %

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**ILLINOIS MUNICIPAL RETIREMENT FUND -  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
UNAUDITED**

**For the year ended June 30, 2015  
(Amounts presented are for the year ended December 31, 2014)**

<u>Calendar Year Ended December 31,:</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2014	\$ 150,999	\$ 161,152	\$ (10,153)	\$ 1,637,727	9.84%

**Notes to Schedule:**

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate**

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2014 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	29-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**ILLINOIS MUNICIPAL RETIREMENT FUND -  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
UNAUDITED**

**For the year ended June 30, 2015**

**(Amounts presented are for the year ended December 31, 2014)**

**Notes to Schedule** (Continued):

**Other Information:**

There were no benefit changes during the year.

Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF ILLINOIS –  
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**UNAUDITED**

**For the year ended June 30, 2015**

**(Amounts presented are for the year ended June 30, 2014)**

Employer's proportion of the net pension liability	0.0003440785%
Employer's proportionate share of the net pension liability	\$ 209,400
State's proportionate share of the net pension liability associated with the employer	<u>4,851,605</u>
Total	<u><u>\$ 5,061,005</u></u>
Employer's covered-employee payroll	\$ 792,356
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	26.43%
Plan fiduciary net position as a percentage of the total pension liability	43%

**Notes to Required Supplementary Information**

**Changes of assumptions**

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF ILLINOIS –  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
UNAUDITED**

**For the years ended June 30,**

	<u>2014</u>	<u>2015</u>
Contractually-required contribution	\$ 12,276	\$ 24,569
Contributions in relation to the contractually-required contribution	<u>12,276</u>	<u>24,569</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 792,356	\$ 822,344
Contributions as a percentage of covered-employee payroll	1.5493%	2.9877%

**SUPPLEMENTARY INFORMATION**

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2015**

	Special Projects	Alternative Education Project	Safe School Tuition	Safe School Projects
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,785	\$ 183,779	\$ 174,118	\$ 9,609
Accounts receivable	1,853	-	-	-
Due from other governments	9,428	18	2,600	5
	<u>\$ 36,066</u>	<u>\$ 183,797</u>	<u>\$ 176,718</u>	<u>\$ 9,614</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Salaries and benefits payable	\$ -	\$ 11,696	\$ 4,370	\$ 14,278
<b>FUND BALANCES (DEFICITS)</b>				
Assigned	-	172,101	172,348	-
Unassigned	36,066	-	-	(4,664)
	<u>36,066</u>	<u>172,101</u>	<u>172,348</u>	<u>(4,664)</u>
Total fund balances (deficits)	<u>36,066</u>	<u>172,101</u>	<u>172,348</u>	<u>(4,664)</u>
Total liabilities and fund balances	<u>\$ 36,066</u>	<u>\$ 183,797</u>	<u>\$ 176,718</u>	<u>\$ 9,614</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
GENERAL FUND  
June 30, 2015**

	Administrator's Academy	Conference	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,673	\$ 7,591	\$ 408,555
Accounts receivable	-	-	1,853
Due from other governments	-	-	12,051
	<u>\$ 8,673</u>	<u>\$ 7,591</u>	<u>\$ 422,459</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ -	\$ -	\$ 30,344
<b>FUND BALANCES (DEFICITS)</b>			
Assigned	8,673	7,591	360,713
Unassigned	-	-	31,402
	<u>8,673</u>	<u>7,591</u>	<u>392,115</u>
Total fund balances (deficits)	<u>8,673</u>	<u>7,591</u>	<u>392,115</u>
Total liabilities and fund balances	<u>\$ 8,673</u>	<u>\$ 7,591</u>	<u>\$ 422,459</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2015**

	<u>Special Projects</u>	<u>Alternative Education Project</u>	<u>Safe School Tuition</u>	<u>Safe School Projects</u>
<b>Revenues:</b>				
Local sources	\$ 25,771	\$ 880	\$ 43,750	\$ -
State sources	5,500	161,659	-	86,876
Federal sources	-	24,106	-	8,604
On-behalf payments - local	152,226	-	-	-
On-behalf payments - state	236,387	-	-	-
Interest	146	651	610	94
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	420,030	187,296	44,360	95,574
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>				
Salaries and benefits	15,517	138,403	34,675	107,665
Purchased services	589	54,188	845	38,405
Supplies and materials	5,468	18,855	-	3,644
Capital outlay	-	4,608	-	-
Other objects	-	40	-	-
Pension expense	19,639	5,698	1,684	6,435
On-behalf payments - local	152,226	-	-	-
On-behalf payments - state	236,387	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	429,826	221,792	37,204	156,149
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(9,796)	(34,496)	7,156	(60,575)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	45,862	206,597	165,192	55,911
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	<u>\$ 36,066</u>	<u>\$ 172,101</u>	<u>\$ 172,348</u>	<u>\$ (4,664)</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)**

**GENERAL FUND ACCOUNTS**

**For the year ended June 30, 2015**

	Administrator's Academy	Conference	Total
<b>Revenues:</b>			
Local sources	\$ 2,025	\$ 7,500	\$ 79,926
State sources	-	-	254,035
Federal sources	-	-	32,710
On-behalf payments - local	-	-	152,226
On-behalf payments - state	-	-	236,387
Interest	53	32	1,586
	<u>2,078</u>	<u>7,532</u>	<u>756,870</u>
<b>Total revenues</b>			
<b>Expenditures:</b>			
Salaries and benefits	-	-	296,260
Purchased services	9,656	8,798	112,481
Supplies and materials	847	-	28,814
Capital outlay	-	-	4,608
Other objects	-	-	40
Pension expense	-	-	33,456
On-behalf payments - local	-	-	152,226
On-behalf payments - state	-	-	236,387
	<u>10,503</u>	<u>8,798</u>	<u>864,272</u>
<b>Total expenditures</b>			
Net change in fund balances	<u>(8,425)</u>	<u>(1,266)</u>	<u>(107,402)</u>
Fund balances, beginning of year	<u>17,098</u>	<u>8,857</u>	<u>499,517</u>
Fund balances (deficits), end of year	<u>\$ 8,673</u>	<u>\$ 7,591</u>	<u>\$ 392,115</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2015**

	<u>Title II - Teacher Quality Leadership Grant</u>	<u>Truants Alternative/ Optional Education</u>	<u>Early Childhood Block Grant</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 76,168	\$ 87,033
Due from other governments	-	-	109,742
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 76,168</u>	<u>\$ 196,775</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 2,448	\$ -
Salaries and benefits payable	-	19,875	103,292
Due to other funds	-	-	-
Unearned revenue	-	1,977	38,407
	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> 24,300	<hr/> 141,699
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	51,868	55,076
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<hr/> -	<hr/> 51,868	<hr/> 55,076
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 76,168</u>	<u>\$ 196,775</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2015**

	<u>Homeless Children/Youth</u>	<u>Regional Safe Schools</u>	<u>ROE/ISC Operations</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,683	\$ -	\$ 6,627
Due from other governments	<u>3,035</u>	<u>3,784</u>	<u>-</u>
Total assets	<u><u>\$ 6,718</u></u>	<u><u>\$ 3,784</u></u>	<u><u>\$ 6,627</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	8,576	-
Due to other funds	-	5,613	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>6,056</u>
Total liabilities	<u>-</u>	<u>14,189</u>	<u>6,056</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	6,718	-	571
Unassigned	<u>-</u>	<u>(10,405)</u>	<u>-</u>
Total fund balances (deficits)	<u>6,718</u>	<u>(10,405)</u>	<u>571</u>
Total liabilities and fund balances	<u><u>\$ 6,718</u></u>	<u><u>\$ 3,784</u></u>	<u><u>\$ 6,627</u></u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
EDUCATION FUND  
June 30, 2015**

	<u>Special Education for Infants and Families with Disabilities</u>	<u>Title I - School Improvement System of Support</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 173,511
Due from other governments	<u>209,857</u>	<u>8,262</u>	<u>334,680</u>
 Total assets	 <u><u>\$ 209,857</u></u>	 <u><u>\$ 8,262</u></u>	 <u><u>\$ 508,191</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 5,237	\$ -	\$ 7,685
Salaries and benefits payable	-	-	131,743
Due to other funds	200,600	8,272	214,485
Unearned revenue	<u>-</u>	<u>-</u>	<u>46,440</u>
 Total liabilities	 <u>205,837</u>	 <u>8,272</u>	 <u>400,353</u>
 <b>FUND BALANCES (DEFICITS)</b>			
Restricted	4,020	-	118,253
Unassigned	<u>-</u>	<u>(10)</u>	<u>(10,415)</u>
 Total fund balances (deficits)	 <u>4,020</u>	 <u>(10)</u>	 <u>107,838</u>
 Total liabilities and fund balances	 <u><u>\$ 209,857</u></u>	 <u><u>\$ 8,262</u></u>	 <u><u>\$ 508,191</u></u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2015**

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Local sources	\$ -	\$ 10,478	\$ -
State sources	-	146,565	954,151
Federal sources	3,427	-	-
Interest	-	247	93
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	3,427	157,290	954,244
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Expenditures:			
Salaries and benefits	-	116,496	734,231
Purchased services	3,200	11,171	55,729
Supplies and materials	127	6,502	19,018
Capital outlay	-	-	1,756
Payments to other governments	-	-	11,247
Other objects	-	-	-
Pension expense	-	3,095	19,869
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	3,327	137,264	841,850
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net change in fund balances	100	20,026	112,394
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balances (deficits), beginning of year	(100)	31,842	(57,318)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balances (deficits), end of year	\$ -	\$ 51,868	\$ 55,076
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2015**

	<u>Homeless Children/Youth</u>	<u>Regional Safe Schools</u>	<u>ROE/ISC Operations</u>
Revenues:			
Local sources	\$ 500	\$ -	\$ -
State sources	-	61,704	56,747
Federal sources	29,310	-	-
Interest	14	-	32
	<u>29,824</u>	<u>61,704</u>	<u>56,779</u>
Expenditures:			
Salaries and benefits	16,871	62,136	38,333
Purchased services	8,822	-	9,800
Supplies and materials	2,113	-	6,479
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	555	-
Pension expense	1,504	-	2,175
	<u>29,310</u>	<u>62,691</u>	<u>56,787</u>
Net change in fund balances	<u>514</u>	<u>(987)</u>	<u>(8)</u>
Fund balances (deficits), beginning of year	<u>6,204</u>	<u>(9,418)</u>	<u>579</u>
Fund balances (deficits), end of year	<u>\$ 6,718</u>	<u>\$ (10,405)</u>	<u>\$ 571</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2015**

	Special Education for Infants and Families with Disabilities	Title I - School Improvement System of Support	<u>Total</u>
Revenues:			
Local sources	\$ 396	\$ -	\$ 11,374
State sources	1,266,147	-	2,485,314
Federal sources	506,540	18,966	558,243
Interest	-	-	386
	<u>1,773,083</u>	<u>18,966</u>	<u>3,055,317</u>
Total revenues			
Expenditures:			
Salaries and benefits	1,291,670	-	2,259,737
Purchased services	309,541	18,976	417,239
Supplies and materials	23,253	-	57,492
Capital outlay	2,385	-	4,141
Payments to other governments	-	-	11,247
Other objects	-	-	555
Pension expense	135,880	-	162,523
	<u>1,762,729</u>	<u>18,976</u>	<u>2,912,934</u>
Total expenditures			
Net change in fund balances	<u>10,354</u>	<u>(10)</u>	<u>142,383</u>
Fund balances (deficits), beginning of year	<u>(6,334)</u>	<u>-</u>	<u>(34,545)</u>
Fund balances (deficits), end of year	<u>\$ 4,020</u>	<u>\$ (10)</u>	<u>\$ 107,838</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II - TEACHER QUALITY LEADERSHIP GRANT #14-4935-02  
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	<u>\$ 3,753</u>	<u>\$ 3,753</u>	<u>\$ 100</u>
Expenditures:			
Purchased services	3,700	3,700	-
Supplies and materials	<u>53</u>	<u>53</u>	<u>-</u>
Total expenditures	<u>3,753</u>	<u>3,753</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>\$ 100</u>
Fund balance (deficit), beginning of year			<u>(100)</u>
Fund balance, September 30, 2014			<u><u>\$ -</u></u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II - TEACHER QUALITY LEADERSHIP GRANT #15-4935-02  
For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 3,327	\$ 3,327	3,327
Expenditures:			
Purchased services	3,200	3,200	3,200
Supplies and materials	127	127	127
Total expenditures	3,327	3,327	3,327
Net change in fund balance	\$ -	\$ -	\$ -
Fund balance, September 30, 2014			-
Fund balance, end of year			\$ -

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION #15-3695-15  
For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 10,478
State sources	151,920	148,502	146,565
Interest	-	-	247
	<u>151,920</u>	<u>148,502</u>	<u>157,290</u>
Total revenues	<u>151,920</u>	<u>148,502</u>	<u>157,290</u>
Expenditures:			
Salaries and benefits	141,664	140,573	116,496
Purchased services	3,925	3,875	11,171
Supplies and materials	6,331	4,054	6,502
Pension expense	-	-	3,095
	<u>151,920</u>	<u>148,502</u>	<u>137,264</u>
Total expenditures	<u>151,920</u>	<u>148,502</u>	<u>137,264</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	20,026
Fund balance, beginning of year			<u>31,842</u>
Fund balance, end of year			<u>\$ 51,868</u>

Note: Actual column also includes prior year State Free Lunch revenue (\$40 from project number 14-3360-00).

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD - BLOCK GRANT #14-3705-00  
For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 882,816	\$ 882,816	\$ 126,120
Expenditures:			
Salaries and benefits	786,003	776,939	21,268
Purchased services	68,900	69,683	1,827
Supplies and materials	19,413	24,626	1,690
Capital outlay	500	708	580
Payments to other governments	8,000	10,860	-
Total expenditures	882,816	882,816	25,365
Net change in fund balance	\$ -	\$ -	100,755
Fund balance (deficit), beginning of year			(57,318)
Fund balance, August 31, 2014			\$ 43,437

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD - BLOCK GRANT #15-3705-00  
For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 882,816	\$ 866,438	\$ 828,031
Interest	-	-	93
Total revenues	<u>882,816</u>	<u>866,438</u>	<u>828,124</u>
Expenditures:			
Salaries and benefits	782,329	772,108	712,963
Purchased services	71,198	63,898	53,902
Supplies and materials	19,413	18,356	17,328
Capital outlay	500	1,200	1,176
Payments to other governments	9,376	10,876	11,247
Pension expense	-	-	19,869
Total expenditures	<u>882,816</u>	<u>866,438</u>	<u>816,485</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11,639
Fund balance, August 31, 2014			<u>43,437</u>
Fund balance, end of year			<u><u>\$ 55,076</u></u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS #15-3696-00  
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	\$ 63,124	\$ 61,704	\$ 61,704
Expenditures:			
Salaries and benefits	63,124	61,704	62,136
Other objects	-	-	555
Total expenditures	<u>63,124</u>	<u>61,704</u>	<u>62,691</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(987)
Fund balance (deficit), beginning of year			<u>(9,418)</u>
Fund balance (deficit), end of year			<u>\$ (10,405)</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #15-3730-00  
For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 62,803	\$ 62,803	\$ 56,747
Interest	-	-	32
Total revenues	<u>62,803</u>	<u>62,803</u>	<u>56,779</u>
Expenditures:			
Salaries and benefits	30,612	40,523	38,333
Purchased services	5,000	12,280	9,800
Supplies and materials	27,191	10,000	6,479
Pension expense	-	-	2,175
Total expenditures	<u>62,803</u>	<u>62,803</u>	<u>56,787</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(8)
Fund balance, beginning of year			<u>579</u>
Fund balance, end of year			<u>\$ 571</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
SPECIAL EDUCATION FOR INFANTS AND  
FAMILIES WITH DISABILITIES - PROJECT #FCSS000917  
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Local sources	\$ -	\$ -	\$ 396
State sources	1,940,963	1,940,963	1,266,147
Federal sources	-	-	506,540
	<u>1,940,963</u>	<u>1,940,963</u>	<u>1,773,083</u>
Total revenues			
Expenditures:			
Salaries and benefits	1,573,770	1,573,770	1,291,670
Purchased services	274,973	274,973	309,541
Supplies and materials	48,300	48,300	23,253
Capital outlay	43,920	43,920	2,385
Pension expense	-	-	135,880
	<u>1,940,963</u>	<u>1,940,963</u>	<u>1,762,729</u>
Total expenditures			
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	10,354
Fund balance (deficit), beginning of year			<u>(6,334)</u>
Fund balance, end of year			<u>\$ 4,020</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2015**

	Institute	General Education Development	ROE School Bus Driver Training
<b>ASSETS</b>			
Cash and cash equivalents	\$ 91,317	\$ 20,444	\$ -
Total assets	\$ 91,317	\$ 20,444	\$ -
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ 515
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	91,317	20,444	-
Unassigned	-	-	(515)
Total fund balances (deficits)	91,317	20,444	(515)
Total liabilities and fund balances	\$ 91,317	\$ 20,444	\$ -

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING BALANCE SHEET (Concluded)  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2015**

	Supervisory	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4	\$ 111,765
Total assets	\$ 4	\$ 111,765
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ 515
<b>FUND BALANCES (DEFICITS)</b>		
Restricted	4	111,765
Unassigned	-	(515)
Total fund balances (deficits)	4	111,250
Total liabilities and fund balances	\$ 4	\$ 111,765

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2015**

	<u>Institute</u>	<u>General Education Development</u>	<u>ROE School Bus Driver Training</u>
<b>Revenues:</b>			
Local sources	\$ 44,091	\$ 1,062	\$ 2,480
State sources	-	-	1,009
Interest	228	76	1
	<u>44,319</u>	<u>1,138</u>	<u>3,490</u>
<b>Expenditures:</b>			
Salaries and benefits	10,745	-	1,661
Purchased services	6,363	-	1,884
Supplies and materials	5,228	104	-
Pension expense	824	-	154
	<u>23,160</u>	<u>104</u>	<u>3,699</u>
Net change in fund balances	21,159	1,034	(209)
Fund balances (deficits), beginning of year	<u>70,158</u>	<u>19,410</u>	<u>(306)</u>
Fund balances (deficits), end of year	<u><u>\$ 91,317</u></u>	<u><u>\$ 20,444</u></u>	<u><u>\$ (515)</u></u>

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2015**

	Supervisory	Total
Revenues:		
Local sources	\$ -	\$ 47,633
State sources	-	1,009
Interest	7	312
	7	312
Total revenues	7	48,954
Expenditures:		
Salaries and benefits	-	12,406
Purchased services	2,835	11,082
Supplies and materials	-	5,332
Pension expense	-	978
	2,835	29,798
Total expenditures	2,835	29,798
Net change in fund balances	(2,828)	19,156
Fund balances (deficits), beginning of year	2,832	92,094
Fund balances (deficits), end of year	\$ 4	\$ 111,250

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
AGENCY FUNDS  
June 30, 2015**

	Title II - Teacher Quality Leadership Transformational	Transforming School Climate to Build Successful Learners	Total
<b>ASSETS</b>			
Due from other governments	\$ 12,185	\$ 9,094	\$ 21,279
<b>LIABILITIES</b>			
Due to other governments	\$ 12,185	\$ 9,094	\$ 21,279

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS**

**For the year ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>TITLE II - TEACHER QUALITY LEADERSHIP TRANSFORMATIONAL</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 134,702	\$ 134,702	\$ -
Due from other governments	-	12,185	-	12,185
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ -</u>	<u>\$ 146,887</u>	<u>\$ 134,702</u>	<u>\$ 12,185</u>
LIABILITIES				
Due to other governments	<u>\$ -</u>	<u>\$ 146,887</u>	<u>\$ 134,702</u>	<u>\$ 12,185</u>
<u>TRANSFORMING SCHOOL CLIMATE TO BUILD SUCCESSFUL LEARNERS</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 124,813	\$ 124,813	\$ -
Due from other governments	-	9,094	-	9,094
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ -</u>	<u>\$ 133,907</u>	<u>\$ 124,813</u>	<u>\$ 9,094</u>
LIABILITIES				
Due to other governments	<u>\$ -</u>	<u>\$ 133,907</u>	<u>\$ 124,813</u>	<u>\$ 9,094</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 259,515	\$ 259,515	\$ -
Due from other governments	-	21,279	-	21,279
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ -</u>	<u>\$ 280,794</u>	<u>\$ 259,515</u>	<u>\$ 21,279</u>
LIABILITIES				
Due to other governments	<u>\$ -</u>	<u>\$ 280,794</u>	<u>\$ 259,515</u>	<u>\$ 21,279</u>

**FEDERAL COMPLIANCE SECTION**

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2015**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/14 - 6/30/15
<b>U.S. Department of Education:</b>			
<i>Passed through Illinois State Board of Education</i>			
Improving Teacher Quality State Grants			
Title II - Teacher Quality Leadership Grant	84.367A	15-4935-02	\$ 3,327
<i>Passed through Illinois Department of Human Services</i>			
(M) Special Education Grants for Infants and Families with Disabilities	84.181	FCSS000917	506,540
<i>Passed through Regional Office of Education #3</i>			
McKinney Education for Homeless Children	84.196A	14-4920-00	29,310
<i>Passed through Regional Office of Education #50</i>			
Title I- School Improvement and Accountability	84.010A	15-4331-SS	18,976
Total U.S. Department of Education			558,153
<b>U.S. Department of Agriculture:</b>			
<i>Passed through Illinois State Board of Education</i>			
Child Nutrition Cluster			
National School Lunch Program	10.555	14-4210-00	2,313
National School Lunch Program	10.555	15-4210-00	11,634
Total School Lunch Program			13,947
School Breakfast Program	10.553	14-4220-00	1,290
School Breakfast Program	10.553	15-4220-00	6,115
Total School Breakfast Program			7,405
Total U.S. Department of Agriculture			21,352
<b>TOTAL</b>			<b>\$ 579,505</b>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2015**

**1. REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education No. 13 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. SUBRECIPIENTS**

No amounts were awarded to subrecipients.

**3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS**

**Special Education for Infants and Families with Disabilities** – This program is funded by the Department of Human Services to help families with children between birth and age three obtain evaluations and assessments. Individualized plans are developed to help a child learn, grow, and receive needed services.

**4. NON-CASH ASSISTANCE**

The note is not applicable to Regional Office of Education No. 13.

**5. AMOUNT OF INSURANCE**

The note is not applicable to Regional Office of Education No. 13.

**6. LOANS OR LOAN GUARANTEES OUTSTANDING**

The note is not applicable to Regional Office of Education No. 13.